



University of Colorado

# SERVICE CENTER FISCAL MANAGEMENT

January 2026 TRAINING  
University of Colorado  
Denver | Anschutz Medical Campus  
Finance Office



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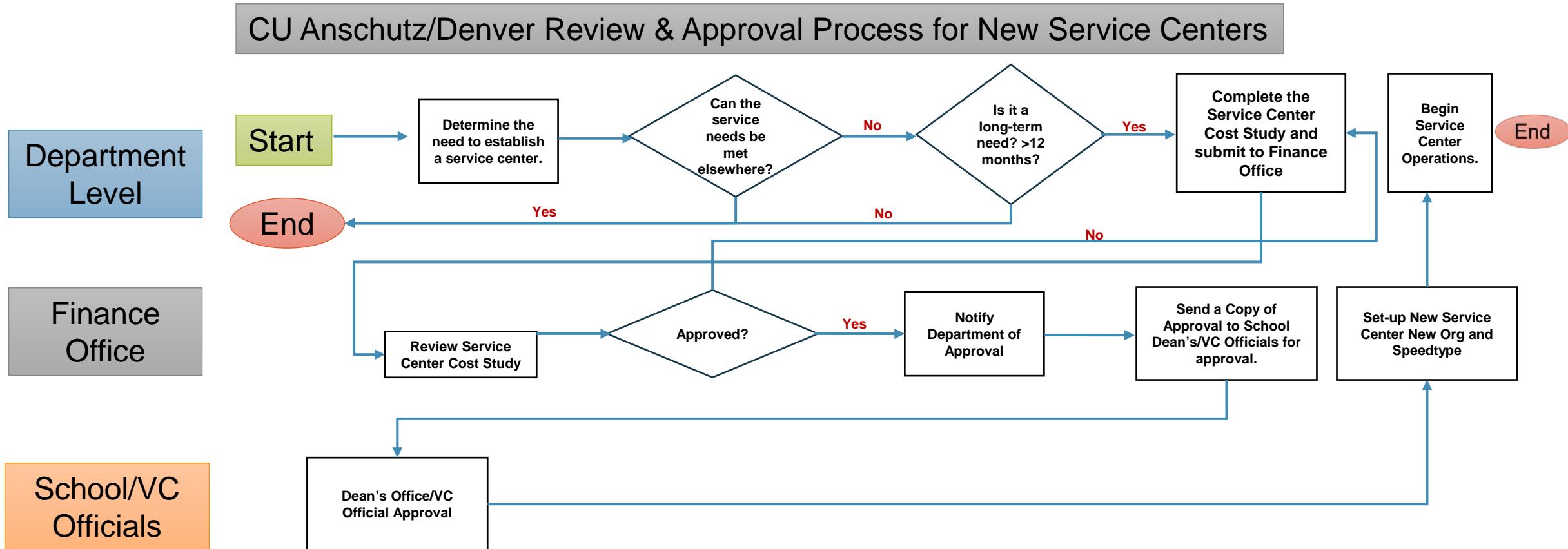
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# What is a Service Center?

- A unit providing services or goods to other University departments on a recurring basis
- Service or user fees are assessed to recover the center's operating expenses
  - *It is possible to subsidize these fees to charge less than cost*
- Charges should not exceed break-even or “at cost” rates
  - *Federal or state rules and regulations ([2 CFR 200 \(Uniform Guidance\)](#))*
  - *Grant or affiliate agreements*
  - *Non-Discriminatory rates for all internal users (including affiliates)*
- Not for a profit – charge at break-even rates
- May serve public too – but majority of customers should be internal
- Core Laboratories – centralized, fiscally self-sustained units established to provide unique laboratory or professional services in an economic or efficient manner to research purposes
  - *Sponsored core & Auxiliary core*
  - *Member and non-member rates*



# Should You Establish a Service Center?



# Steps to Establish a New Service Center

1. Submit Cost Study Proposal to Finance Office at  
[Finance.ServiceCenters@ucdenver.edu](mailto:Finance.ServiceCenters@ucdenver.edu)
2. Finance review/approval
3. Route to DFA/Dean's Office for approval
4. Submit Chartfield Forms to  
[Finance.ServiceCenters@ucdenver.edu](mailto:Finance.ServiceCenters@ucdenver.edu)
5. New Org set up
6. New speedtype set up
7. Ready to go!



# Why A Cost Study is Required

- Assessed rates must be in compliance with federal costing policies or any governing rules or agreements
  - *Costs must be directly related to the operation (direct or indirect costs)*
  - *Only allowable costs are included in the rate assessment*
- Minimize audit risk
  - *Cost studies to substantiate the “at-cost” rates*
  - *Cost studies for service centers with annual revenues exceeding \$50,000 are reviewed by the Finance Office*
  - *Newly established service centers, to maintain appropriate rates*
- Consequences if not in compliance
  - *Return of funds*
  - *Penalty*
  - *Jeopardizing grant funding*



# What is in a Cost Study?

- A descriptive overview of goods or services provided
- A description of the customer base
- List of subsidy and support sources
- Prior year numbers for comparison
- All allowable operating costs including...
  - *Direct costs*
  - *Indirect costs*
  - *Labor*
  - *Consumables*
  - *Depreciation*
  - *Overhead charges (GIR and GAR)*
- Projected sales/service quantities, usage and revenue
- Calculation or allocation of the assessed rates (break-even)
- Approval from DFA/Administrator.

# Cost Study Templates

## Top-Down Template

- This approach goes from general to specific
- Identify the big picture first and all of its components
- Requires history and greater knowledge to come up with a reliable pricing plan

### Pros:

- Can be time saving for well-established service centers

### Cons:

- Often less accurate
- Less detailed
- Requires more history and knowledge

## Bottom-Up Template

- This approach begins at specific details and builds on those to see the big picture
- Typically recommended for new service centers

### Pros:

- Generally, more accurate
- Better for new service centers without a history to base the cost study on
- More accurate and better suited when history/knowledge is lacking

### Cons:

- More time consuming



# How to do a Cost Study

## Three Step Process

1. Gather data
2. Organize data
3. Input data into cost model



# Cost Study

## Step 1: Gather Data

- Labor (direct v. indirect)
  - *Direct Labor* includes people working on the goods and services.
  - *Indirect Labor* includes those supervising them, who have no actual impact on service/product. But their labor is related to the service center, and allowable
- Operating supplies & services
- Overhead costs
  - GAR 7% at Anschutz; 4.96% without salary
  - GAR is 6% at Denver
  - GIR \$23.00 per square foot
- Equipment and Depreciation
- Sales and service usage projection

# Cost Study

## Step 1: Gather Data – Suggested Reports

- Labor
  - m-Fin Compensation Summary
  - m-Fin Payroll Fiscal Year Detail
- Operating supplies & services
  - m-Fin Actuals by Fiscal Year
  - m-Trial Balance Summary
- Equipment and Depreciation
  - Quarterly Depreciation Schedule reports



# Cost Study

## Step 2: Organize Data

- Labor
  - *Include benefits*
  - *Percent of effort in service center*
  - *Productive time, administrative time*
  - *Grant subsidy*
- Operating supplies and services
  - *Identify costs to specific product or service*
- Capital equipment
  - *PO # or Tag #*
  - *Include non-federal depreciation*



# COST STUDY

## Step 3: Enter Data in Model

- Select template model (top down or bottom up)
- Allocate costs appropriately
  - Top down or bottom up
  - Depends on number of services and ability to redeploy slack time to other projects.
  - By unit of sale (e.g. hour, piece, service)
  - Affects utilization check figure
- Calculate rate for various services



# Final Notes

- When submitting your cost study, please ensure that the Ending Net Position for FY27 is not in a deficit; any cost studies indicating a deficit will be returned.
- If something looks or feels off don't be afraid to question it.



# Important Service Center Issues

- Billing Rate Rules
- Billable Hours
- Rate Setting
- Depreciation
- Operating Reserve
- Timely Billing
- Deficit/Surplus



# Billing Rate Rules

- Actual and reasonable costs – break even rates
- Unallowable costs:
  - Bad debts, entertainment, fundraising
  - Capital equipment (depreciation only allowed)
  - Full list see Federal Regulations
- Rates must be:
  - based on a cost study
  - published
  - stated in a measurable unit
  - reviewed and adjusted annually
  - non-discriminatory between federal & non-federal



# Billable Hours

- Time Shrinkage
  - $40 \text{ hours/week} \times 52 \text{ weeks/year} = 2,080 \text{ hrs.}$
  - Less holidays
  - Less vacation time
  - Less sick leave time
  - Less meeting time, break-time
  - Less administrative duties

2. Time Shrinkage			
Total Hours		2,080	Total Hours in Year
Vacation	22	176	Estimated Vacation Hours Taken
Sick	15	120	Estimated Sick Hours Taken
Holidays	10	80	
Daily	85%	6.8	Estimated % of Day doing Production
	Total Hours	1,448	70%
	Minutes	60	



# Rate Setting

- Beware of excessive optimism estimating demand
  - make realistic forecasts
- Compare to market
  - Reality check
  - If no market, maybe survey.
- Compare to prior year rates



# Depreciation

- Depreciation is included in the cost study to set aside funds to replace capital equipment
  - Depreciation funds are transferred quarterly
  - Funds are set aside in a Fund 72
- Equipment costing \$5,000 or more is considered Capital Equipment and is depreciated
- Note: Equipment purchased from a Fund 30 or 31 does not accrue depreciation – as it is purchased with Federal Funding

# Operating Reserve

- Operating capital
- Build into rates
- Prevent deficits & Smooth rates
- Maximum allowed reserve is 60 days of operating expenses



# Surplus vs. Deficit

- Surplus – occurs when actual revenues are more than actual costs.
- Deficit – occurs when actual revenues are less than actual costs.
- Unexpected surplus or deficit?
  - Consult your financial statements
- Surplus and Deficits roll over to the next year's cost study
  - Adjust operating reserve to smooth rates



# Timely Billing

- Require speedtype before rendering service.
- Journal internal billings at least monthly.
- Improves cash flow
- Timely grant billing
- Timely invoicing and revenue accrual for external sales

*If you have any additional accounting issues for your service center please contact the accounting help desk at [finance.accountinghelp@ucdenver.edu](mailto:finance.accountinghelp@ucdenver.edu). For any iLab billing issues, please contact Elena Lee at [elena.lee@cuanschutz.edu](mailto:elena.lee@cuanschutz.edu)*

# iLab

- What is iLab?
  - iLab is a web-based enterprise software solution composed of a base software suite and add-on modules and integrations. The software facilitates service requests, customers, and project management, as well as billing and invoicing, among other functions.



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# Policy & Template

## Service Center Web Page

- <https://www.cuanschutz.edu/offices/finance-office/services-resources/services/service-centers>

## Policy Web Page

Got to the UCD website: [ucdenver.edu](http://ucdenver.edu)

- Resources For → Faculty/Staff
- [University Policies](#) → Finance Policies
- Scroll down and select “[Internal Service Centers & Core Lab Policy](#)”



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# Dates & Deadlines

- January 14<sup>th</sup>, 2026 - Cost Study Overview
- January – February 2026 – Workshops
  - *One-on-one workshops available to help you with your cost study. Please email [elena.lee@cuanschutz.edu](mailto:elena.lee@cuanschutz.edu) to schedule.*
- March 13<sup>th</sup>, 2026 – Deadline to Submit Cost Studies to Finance
  - *Cost studies reviewed at a first come first serve basis. Later submissions run into Fiscal Year End so could experience delays.*



# Questions?

- Service Center Mailbox
  - [Finance.ServiceCenters@ucdenver.edu](mailto:Finance.ServiceCenters@ucdenver.edu)
- Elena Lee, Finance & Accounting Program Manager
  - [elena.lee@cuanschutz.edu](mailto:elena.lee@cuanschutz.edu)
- Accounting Help
  - [Finance.accountinghelp@ucdenver.edu](mailto:Finance.accountinghelp@ucdenver.edu)

